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THE SHEEP AND LAMB SITUATION

Summary

Slaughter supplies of lambs may not be quite so large this summer as last. The quality and finish of lambs marketed will be lower. A relatively large proportion of the western lambs will be in feeder flesh.

Rains in late May and early June relieved drought conditions in both the Native and Western sheep States. But in a large part of the range area more moisture will be needed for a good growth of feed. Although the condition of sheep and lambs in the Western States was slightly below average, a good late lamb crop was reported in most areas.

Because of the dry weather and shortage of green feed, the number of lambs saved per 100 ewes probably will be less than the record high number saved in 1938. The expected reduction in the percentage lamb crop, however, will be offset, at least in part, by the increase in the number of ewes on hand this year over a year earlier. The official estimate of the 1939 lamb crop will be released July 27.

Prices of spring lambs declined sharply in late May and early June, after having held fairly steady during April and early May. For the week ended June 10, the average price of good and choice spring lambs at Chicago was about \$9.75 - more than \$1 lower than a month earlier and only slightly higher than a year earlier.

Inspected slaughter of sheep and lambs in May was about 14 percent larger than in April, but it was 10 percent less than in May last year.

Review of Recent Developments

Background.—The number of sheep and lambs slaughtered under Federal inspection in the past fed lamb marketing season, December through April 1938-39, was about 5 percent less than in the 1937-38 season. The average weight of sheep and lambs in the 1938-39 fed lamb season was the heaviest on record, and the total live weight of sheep and lambs slaughtered was only 4 percent less than in 1937-38. Chiefly because of the stronger consumer demand for meats, prices of fed lambs in the season just ended averaged about 75 cents per 100 pounds higher than a year earlier. Total packer payments for sheep and lambs slaughtered under Federal inspection in the 1938-39 fed lamb season were about 6 percent larger than in the 1937-38 season.

Prices decline in May and June

After advancing moderately in early May, prices of spring lambs declined fairly sharply in late May and early June. The average price of good and choice spring lambs at Chicago for the week ended June 10 was \$9.75 compared with about \$10.90 a month earlier and \$9.65 a year earlier. Prices of good and choice shorn lambs (old crop) did not change greatly during May but dropped sharply in early June. Prices of slaughter ewes declined seasonally in May and early June.

As indicated in the following table, prices of spring lambs held fairly steady during April and were \$1.50 to \$2 higher than a year earlier. In late May and early June last year, prices of spring lambs strengthened moderately in contrast to the sharp decline in the corresponding period of this year. By early June of this year, prices of spring lambs were only slightly higher than in early June 1938.

Prices per 100 pounds of Good and Choice spring lambs at Kansas City and Chicago, by weeks, April-June, 1938 and 1939 1/

Week ended as of 1939		Kansas City		Chicago	
		1939	1938	1939	1938
		<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Apr.	1	10.40	8.88		
	8	10.38	8.96		
	15	10.46	8.82		
	22	10.48	8.41		
	29	10.38	8.24	10.41	---
May	6	10.56	8.42	10.68	---
	13	10.58	7.86	10.88	8.31
	20	9.48	8.72	10.70	8.94
	27	9.62	8.62	10.25	8.62
June	3	9.78	8.84	10.25	9.26
	10	9.16	9.00	9.75	9.67

1/ Lots averaging within top half of Good grade.

Marketings of sheep and lambs increase in May

The number of sheep and lambs slaughtered under Federal inspection during May totaled 1,392,000 head - 14 percent larger than in April but 10 percent smaller than in May last year. The smaller slaughter in May than a year earlier reflects the reduced supplies of both spring lambs and grass fat yearlings.

The market movement of early lambs from California was practically completed by the end of May. The eastward movement of early lambs from California this year was nearly as large as the record movement of 590,000 head in 1935. A larger than usual proportion of the early lamb shipments from California went to feed lots. There was some movement of early lambs from Idaho in late May and early June, but relatively few native spring lambs had been marketed by early June.

OUTLOOK

Prospects for the 1939 lamb crop

Rains in late May and early June relieved the drought situation in most areas of the western and native sheep States. Pasture conditions on June 1 were the second lowest for that date on record. The shortage of pasture probably tended to check the growth of lambs in the native States. Supplies of hay and feed grains, however, are abundant in most areas, and native lambs probably made fair gains during May and early June.

Although conditions in the range States were improved by rains in late May, more moisture will be needed for a good growth of feed. The condition of ranges on June 1 was the third lowest for that date in the 16 years of record. The condition of lambs in the range States on June 1 was below average, but lambs were reported to be in fairly good shape in most areas. The weather was favorable for lambing during May, and a good late lamb crop is reported in most sections of the western sheep States.

Early lambs in Idaho, Oregon and Washington reflect the shortage of green feed, and a larger than usual proportion of these lambs will not reach slaughter condition and probably will be sold as feeders.

In the principal sheep area of Texas, where drought conditions had become severe by early May, summer range prospects were improved materially in late May by rains. Losses of lambs in Texas during the spring were heavier than a year earlier, and marketings of yearlings from that State got under way somewhat later than last year. The movement of yearlings from Texas in June and July is likely to be large. It is probable that a relatively large number of the yearlings and early lambs marketed from Texas this spring have been sold as feeders.

The official estimate of the 1939 lamb crop will be released on July 27. Weather and feed conditions in most areas this year were less favorable for lambs than the unusually favorable conditions last year. The number of lambs saved per 100 ewes (one year old and over on January 1) in 1939 probably will be smaller than the record number saved last year. But this decrease in the percentage lamb crop will be offset, at least in part, by the increase in the number of breeding ewes on hand. The number of stock sheep on farms on January 1, 1939 was 3 percent larger than a year earlier.

Summer slaughter may be slightly smaller than in 1938

Slaughter supplies of sheep and lambs this summer may not be quite so large as last summer. The summer slaughter supply, however, will include a relatively large number of fed lambs from the early lamb crop that were not suitable for slaughter when they were marketed in the spring. The quality and finish of lambs marketed this summer will be lower than a year earlier as a result of the poor pasture and range conditions during the past spring.

Consumer demand for meats may improve moderately, or at least hold fairly steady, during the remainder of 1939. Prices of wool have advanced somewhat in the past 2 months. Both of these factors should be strengthening influences to prices of live lambs.

THE WOOL SITUATION 1/

The outlook for disposal of the 1939 domestic wool clip continues favorable. Prospects are for a fairly high level of domestic mill consumption in the next few months, although probably not so high as in the first quarter of this year. The trend of consumption in the late fall and winter will depend partly upon changes in business conditions in the second half of the year. The steady demand for wool in foreign markets and relatively small supplies in Southern Hemisphere countries should be strengthening factors in the domestic wool situation, at least until the new Southern Hemisphere clip becomes available in the fall.

Sales of wool in the Boston market and at country points were large in May and the early part of June and prices advanced. Mixed lots of country packed 3/8 and 1/4 blood bright fleece wools available for immediate shipment from producing areas were sold in the week ended June 10 for 31 cents a pound, grease basis, delivered to Eastern markets. Prices for these wools have advanced about 4 cents a pound since the middle of April. Early in June last year - when prices were at the lowest point of the season - similar wools of the 1938 clip were offered at 23 cents a pound. Prices of new clip wool at country points are now closely in line with quotations for graded spot wools at Boston.

Domestic mill consumption of apparel wool declined sharply in April from the high level of the previous 8 months but was only 2 percent below the April average of the last 10 years. Consumption on a scoured basis in the first 4 months of this year was 85 percent larger than in the same months last year but smaller than in the like period in 1936 and 1937. Mill orders for fabrics for the fall season are reported to be much larger than a year earlier.

In the early months of this year the spread between domestic and foreign wool prices was wide enough to attract fairly large imports to the United States. Imports of apparel wool for consumption from January through April totaled 27 million pounds compared with only 5 million pounds imported a year earlier. Imports are likely to decline in the next few months.

1/ From the June issue of the Demand and Price Situation. For more detailed discussion see the June issue of the Wool Situation, copies of which may be obtained upon request from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

Supplies of sheep and lambs, specified periods

		Year		Month				
Item	Unit	Av.	1937	1938	average	May	Apr.	May
		1924-33			1924-33	1938	1939	1939
Sheep and lambs:								
Number slaughtered under Federal inspection 1/	Thousands	14,737	17,270	18,060	1,192	1,550	1,224	1,392
Receipts at 7 markets 2/	do.	15,241	11,470	11,783	3/1,055	883	4/ 764	4/ 640
		Year		Month				
		Av.	1937	1938	average	Apr.	Mar.	Apr.
		1924-33			1924-33	1938	1939	1939
Slaughter under Federal inspection:								
Lambs and yearlings-								
Number slaughtered	Thousands	13,678	15,912	16,884	1,081	1,354	1,404	1,148
Percentage of total sheep and lambs	Percent	92.8	92.1	93.5	92.8	95.0	95.3	93.8
Sheep-								
Number slaughtered	Thousands	1,059	1,358	1,176	84	71	69	76
Percentage of total sheep and lambs	Percent	7.2	7.9	6.5	7.2	5.0	4.7	6.2
Sheep and lambs:								
Average live weight	Pound	81	85	85	84	87	93	89
Average dressed weight	do.	39	40	40	40	41	43	42
Total dressed weight	Mil.lb.	569	683	720	46	58	63	51

- 1/ Bureau of Animal Industry.
- 2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City, and St. Paul.
- 3/ Average 1929-33.
- 4/ Receipts for sale only - excludes shipments not offered for sale and directs.

Prices per 100 pounds of sheep and lambs, by months,
March - May, 1937-39

Item	1937			1938			1939		
	Mar.	Apr.	May	Mar.	Apr.	May	Mar.	Apr.	May
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs,									
Chicago:									
Good and choice <u>1/</u>	11.66	11.95	<u>2/</u> 9.64	8.32	7.91	<u>2/</u> 7.10	9.12	9.98	<u>2/</u> 8.75
Medium and good <u>3/</u>	11.01	11.38	<u>2/</u> 8.76	7.51	6.92	<u>2/</u> 6.24	8.38	9.06	<u>2/</u> 7.64
Slaughter ewes,									
Chicago:									
Good and choice	6.62	5.67	4.50	4.76	4.82	3.62	5.02	5.70	4.05
Common and medium ..	5.08	4.17	<u>2/</u> 2.93	3.46	3.41	2.69	3.69	4.30	3.00
Feeding lambs, Omaha:									
Good choice	10.08	10.20	--	7.69	7.21	--	8.21	--	--
Average price paid by									
packers:									
Sheep and lambs	10.99	10.92	9.69	8.27	7.91	7.37	8.73	9.19	
Average price received									
by farmers:									
Sheep	4.81	4.98	4.89	3.97	3.90	3.59	3.99	4.19	3.94
Lambs	8.83	9.19	9.16	7.35	7.23	6.90	7.43	7.88	8.02
Lamb, New York:									
Wholesale carcass: <u>4/</u> :									
Choice	20.28	21.05	21.32	18.33	18.66	18.52	17.87	20.28	21.48
Good	19.35	20.05	20.20	17.69	17.95	17.88	17.20	19.30	20.60
Medium	18.34	18.85	18.88	16.48	16.09	16.39	15.81	17.80	19.10
Pulled wool, Boston: <u>5/</u> :									
Choice AA	113.5	113.8	110.0	71.5	72.1	72.5	76.8	74.0	75.5
Choice White B	96.0	98.0	94.2	55.5	56.5	57.5	63.2	61.0	64.6
Sheep pelts, packers									
shearlings, No. 1,									
Chicago, each <u>6/</u>	1.51	1.55	1.48	0.65	0.52	0.52	0.75	0.75	0.75

1/ Lots averaging within top half of Good grade.

2/ Shorn basis.

3/ Lots averaging within top half of Medium grade.

4/ For Choice and Good, 38 pounds down; for Medium, 38 pounds down in 1937, and all weights in 1938 and 1939.

5/ Cents per pound.

6/ Bureau of Labor Statistics.

